

HSA Tax Savings

Reduction in Federal Income Tax from HSA Contributions in 2005

Illustrative Examples

HSA Contribution	Income					
	\$20,000	\$40,000	\$60,000	\$80,000	\$100,000	\$120,000
Single Taxpayer						
\$500	75	75	125	125	140	140
\$1,000	150	150	250	250	280	280
\$1,500	225	225	375	375	420	420
\$2,000	300	300	500	500	560	560
\$2,500	375	375	625	625	700	700
\$2,650 ^{1/}	397	397	662	662	742	742
Head of Household with 1 Dependent Child						
\$1,000	100	150	250	300	250	250
\$2,000	200	300	500	600	500	500
\$3,000	300	450	750	900	750	750
\$4,000	400	600	900	1,200	1,000	1,000
\$5,000	500	750	1,050	1,500	1,250	1,250
\$5,250 ^{1/}	525	788	1,088	1,563	1,313	1,313
Married Couple with No Dependents						
\$1,000	100	150	150	150	250	250
\$2,000	200	300	300	300	500	500
\$3,000	300	450	450	450	750	750
\$4,000	360	600	600	600	1,000	1,000
\$5,000	360	750	750	750	1,250	1,250
\$5,250 ^{1/}	360	787	787	787	1,312	1,312
Married Couple with 2 Dependent Children						
\$1,000	0	150	150	150	250	300
\$2,000	0	300	300	300	500	600
\$3,000	0	430	450	450	750	900
\$4,000	0	530	600	600	1,000	1,200
\$5,000	0	630	750	750	1,250	1,500
\$5,250 ^{1/}	0	655	787	787	1,312	1,562

November 16, 2004

^{1/} Maximum contribution generally allowable.

Note: Assumes: all income is from wages and salaries; taxpayers use the larger of the standard deduction or itemized deductions of 18 percent of income before HSA contributions; and heads of household and married couples with children have dependents eligible for the child tax credit and the earned income tax credit. HSA contribution may not exceed the health plan deductible.